

FROM RWM:

1. **Question:**

Is our \$2B IFO hit estimate a "high ball"? i.e., will we likely do much/some better than that over the rest of the year?

Answer:

The \$2 billion IFO hit will almost certainly happen. The only way this would be reduced would be if we postpone or cancel the planned July 1st price roll back.

2. **Question:**

Need projected results for PM USA for rest of year, by month, so can see whether "on track". (Have asked WIC for this. Please follow up.)

Answer:

Bill Campbell is working on this question. He has promised me that he will let us have something early next week.

3. **Question:**

What % will shipments be down for year if see de-load as expected?

Answer:

Shipments will be down in 1993 by 2.6% compared to 1992. This assumes that the year-end load will be reduced to 7 billion units.

4. **Question:**

Do we know of any research on the effect of pricing on young smokers?

Answer:

As you know, we do not conduct any research on people who are not of legal age. There have been several studies that purport to show teenagers are more price sensitive than adults. However, questions have been raised concerning the methodology used in these studies since they involve subjects who are minors engaging in an illegal activity -- purchasing cigarettes.

5. **Question:**

Are we sure our PMI promotions comply with our voluntary marketing code?

Answer:

I think we can say, with confidence, that PMI is complying with the voluntary marketing code. Geoff has gone to great lengths to make sure that this is happening. I guess we can't be 100% certain that some overzealous marketing manager won't break the rules somewhere but I feel comfortable that we are doing everything possible to make sure that PMI complies with the voluntary code.

4/23/93

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